

Message Text

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ACTION EB-07

INFO OCT-01 NEA-09 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

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FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 2272

C O N F I D E N T I A L ALGIERS 0934

E.O. 11652: GDS

TAGS: 3225,OPEC, ENRG

SUBJECT: STATUS OF OPEC COUNTRIES OIL CARGO PREFERENCE

REF: STATE 077027 AND STATE A-1542

1. ALGERIA HAS NO LAW WHICH RESERVES PORTION OF ALGERIAN OIL EXPORTS TO ALGERIAN FLAG VESSELS. WITH NATIONALIZED PORT, SHIPPING AND OIL INDUSTRIES ACTUAL LAW OR REGULATION IS NOT NECESSARY.

2. GOA HAS TWO SMALLISH OIL TANKERS AND TWO REFINED PRODUCT TANKERS. THEY WILL BE KEPT FULLY UTILIZED CARRYING ALGERIAN OIL AND PRODUCTS, BUT THEY CAN ONLY CARRY A NEGLIGIBLE PORTION OF OIL EXPORTS. ALGERIAN SHIPPING COMPANY CNAN HAS PLANS TO BUILD OR BUY SIX MORE OIL TANKERS OF 80-130,000 TONS, BUT ORDERS HAVE NOT BEEN MADE TO DATE. AS CNAN FLEET BUILDS UP, A HIGHER PROPORTION OF OIL WILL BE CARRIED BY ALGERIAN FLAG CARRIERS.

3. CNAN DOES SEEK TO NEGOTIATE 50/50 SHIPPING
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AGREEMENTS WITH LINES SCHEDULED TO STOP IN ALGERIAN

PORTS. IT HAS SUCH AN AGREEMENT WITH LYKES FOR
EXAMPLE. NATIONAL COMPANIES ALSO HAVE TRIED TO
INSIST ON USE OF ALGERIAN FLAG VESSELS IN LARGE
TURN-KEY INDUSTRIAL PROJECTS, BUT THIS DEMAND IS
USUALLY DROPPED IN BARGAINING.

4. RECENT LNG EXPORT CONTRACTS HAVE PROVIDED THAT
ALGERIA SUPPLY 50 PERCENT OF SHIPPING. CNAN IS
OPERATING 1 LNG TANKER AND 1 LPG TANKER. IT HAS
ON ORDER IN FRENCH YARDS 5 LNG TANKERS OF
120-130,000 CUBIC METERS. CNAN IS EXPECTED TO
ANNOUNCE SHORTLY SIGNING OF CONTRACTS TO BUILD
3 MORE LNG TANKERS OF 125-130,000 CUBIC METERS.
THESE ORDERS WILL PROBABLY GO TO NORTHERN EUROPE
OR POSSIBLY JAPAN, FINALLY, CNAN'S PLANS INCLUDE
ORDERING 3 MORE LNG TANKERS UNDER 1974-1977 4-YEAR
PLAN.

5. CNAN BORROWED IN 1973 A 200 MILLION EURODOLLAR
LOAN TO BUILD LNG TANKER FLEET AND IS USING THIS
MONEY AS DOWN PAYMENT FOR UP TO 10 SHIPS WHICH ARE
FINANCED BY NATIONAL CONSTRUCTION CREDITS.
HOWEVER, DELAYS IN ALGERIAN LNG EXPORT PLANS,
PROBABLY MEAN SOME CUTBACKS IN THIS BUILDING
PROGRAM, CHARTER OF THESE TO OTHER LNG PROJECTS,
OR DEMAND TO USE OVER 50 PERCENT ALGERIAN FLAG
CARRIERS.

6. AT PRESENT TIME SOME OF CNAN FLEET HAVE FRENCH
CAPTAINS, BUT THEY ARE BEING REPLACED BY ALGERIANS.
CANADIANS AND POLES ARE BOTH ASSISTING ALGERIANS
WITH MARITIME TRAINING SCHOOLS. LYNE

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